



## Robert E. Mabro: beyond scholarship to decision making

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If you have worked in the energy industry, been involved with oil policy making, or been in any way connected to the oil market during the last 35 years, there is a small handful of people whom you will know. You will have read their work, listened to their talks and, if you were lucky, engaged with them in a rewarding discussion. One such individual is the inimitable Robert E. Mabro.

His importance and contribution to knowledge go beyond being a distinguished analyst and a great 'brain-stormer'. He is a scholar, par excellence, with highly respected academic studies behind him. Yet he has also engaged in the decision-making process, not only in his capacity as trusted advisor and consultant, but as a man who has multiple connections – which he is able bring together. Different people, from different backgrounds, and with different agendas – but Mabro could

get them together and, crucially, get them working towards a common goal. It was, and remains, a rare skill.

### Promotion of dialogue

Among his many achievements, Mabro made a major contribution to the success of the dialogue between oil producers and consumers in the 1990s, and helped forge stronger cooperation between OPEC and non-OPEC oil producers following the collapse of the oil market in 1998.

He is truly an oil man with principle, not simply a business person looking for financial return. He is an intermediary who brings people together free of charge and for the good of everybody.

He organized two important international energy activities, which brought people together; the Oxford Energy Policy Club a (forum for senior executives which met twice yearly) and the Oxford Energy

Seminar (an annual energy-brainstorming meeting). Both brought together official decision-makers and analysts from all parties (OPEC, non-OPEC producers, consumers, as well as industry) in meaningful discussions. He was well known, and highly regarded, as one of the best-connected men in the world of petroleum.

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I was introduced to Mabro in the late 1980s by Prince Abdulaziz bin Salman bin Abdulaziz Al-Saud, now Vice Minister, then the Advisor to the Minister of Petroleum. The price of oil was recovering after its big collapse in the mid-1980s, and following the restructuring of the Saudi oil industry. Mabro's opinion was that Saudi Arabia had to engage more – publicly and

privately – with all international energy actors (producers, consumers, non-OPEC, oil industry, energy institutes, experts and consultants, and the media). He used to say that the energy market and industries are not fragmented, they are truly connected. And in the long term, he said that oil producers, consumers, and industry should – and would – converge. This was also the belief of former Oil Minister Hisham Nazer and HRH Prince Abdulaziz. We therefore started developing relationships with other actors; these gradually led to bilateral annual discussions with many specific countries including the USA, Japan, Korea, the UK, France, Russia, China, Norway, among others. It was the right approach. Getting to know people and being well connected is very important, and you never know when you might need these connections.

**Events following the 1990 Iraqi invasion of Kuwait**

On 1 August 1990, Iraq invaded and occupied Kuwait. As a result, the international oil market lost about 5 million b/d of supply, and the oil price jumped from US\$20 per barrel to US\$35. Saudi Arabia was working day and night to re-balance the market and bridge the gap. But King Fahd wanted an OPEC agreement before Saudi Arabia could increase its production. We called for an extraordinary meeting.

However, at that time, the Algerian minister was president of the Conference and was against holding such a meeting. He was supported by one or two countries and OPEC cannot meet and take decisions without the agreement of all members. Therefore, we had to work hard to pressure others to agree. We also needed to make sure that international media and other actors supported such a meeting, with the clear goal of allowing members to produce what they could. Countries

which could increase their production supported the idea, but those who could not were against it, preferring a higher price. I was asked to work in London during the month of August. My main responsibility was to be in close contact and daily communication with international media, oil consultants, and the market at large, and also with Jeddah, where I would speak with HE Minister Nazer and HRH Prince Abdulaziz.

In London, I communicated closely with Mabro. He was fully supportive of holding the extraordinary OPEC meeting and of efforts to end the OPEC production ceiling – allowing oil producers to increase production. Through his connections and because of the high esteem in which he was held – both within OPEC and by the international media – he was of great help in persuading the Algerians and some other OPEC members of the importance of having an official meeting to increase their production. He used to tell them privately: ‘it is good for OPEC and for you and your image’, adding that if they did not do it, the Saudis might go it alone regardless. After a lot of persuasion through many channels, the president of the OPEC Conference agreed to have a ministerial meeting. It was held in Vienna at the end of August, 30 days after the Iraqi invasion of Kuwait.

At this time, there was no communication at all between OPEC and the IEA, official or unofficial. Each organization did its business as if they were enemies.

At the beginning of the OPEC meeting in Vienna, we had a big and unexpected surprise. The Iranian oil minister called, through the media, for IEA members to release their strategic reserve before OPEC increased its production. The IEA responded, also via the media. Prince Abdulaziz was instrumental in forwarding

communications. Mabro played a supporting role. It was the first contact, official or unofficial, between the two organizations and set in train a relationship that is completely unrecognizable today.

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Mabro was in consultation with all oil parties during these developments. He was an important player, bringing together the different OPEC, non-OPEC, and IEA parties. This led later to the creation of producer–consumer ministerial dialogues; the first meeting was held in Paris in 1991, evolving later into the International Energy Forum.

**Collapse of oil market in 1998**

The second important occasion where Mabro contributed to international official dialogue and communication came in 1998. At the beginning of that year, oil prices collapsed. Two major problems needed to be solved before recovery was possible:

- Non-OPEC producers must be persuaded to cut production in line with OPEC.
- Venezuela must be brought into line with OPEC.

The Venezuelan government was adopting a policy of increased production and their priority was market share over any OPEC discipline. Its policy was a major factor in the collapse of the oil market, in addition to the Asian financial crisis.

Prince Abdulaziz started thinking and working with Mabro to find a solution to the problem. Mabro was a close friend of Adrián Lajous (then president of Mexico’s national oil company, Pemex) who, together with Prince Abdulaziz was a member of the board of the Oxford Institute for Energy Studies.



Lajous had a clear influence within the Mexican government. At the same time, Mexico had a leading role and influence within Latin American countries, including Venezuela. So Mexico could reduce its production, and could pressure the Venezuelans to reduce their production, in order to adhere to a new OPEC quota.

Mabro, who had great relationships with all parties, and with no personal interest whatsoever, lent his assistance. He and Prince Abdulaziz both helped to put pressure on Mexico to be part of any production cut, and on Venezuela to end its

unconstrained production policy.

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This effort led to a major meeting in Riyadh in March 1998 between the three countries. Many more meetings took place during that year and the following year, with more countries joining the group wishing to reduce production and rebalance the market. In the end, it worked. Oil prices rallied from mid-1999 to the present day, and this was welcomed by producers,

consumers, oil companies, industries, and financial institutions.

**Conclusion**

It is clear to me that Mabro's contribution and importance go beyond being a distinguished scholar and author, and an honest and frank, free-of-charge advisor to all. He played, as an individual, an important role in global energy policies. The world needs more Robert Mabros to make further outstanding contributions, and to help foster communication and understanding between all parties.

